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Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Hundt:

It is our understanding that an order on reconsideration in CC Docket 95-116 (Telephone Number Portability) addressing Query on Release (QoR) and the implementation schedule is shortly forthcoming from the Commission. You and your staff have received a great deal of conflicting information from the parties involved in this order, and have the difficult task of assimilating this information in order to make a decision on these critical issues.

Local number portability (LNP) is an enormously complicated project encompassing complex software and hardware changes on multiple network switching and signaling components by multiple vendors and multiple service providers. It is undoubtedly the largest and most complex project the industry has undertaken since divestiture. It is vastly more complex than the 800 database project and has much higher potential impact on consumers. In October of last year, SBC commissioned Bellcore to prepare a study on the potential impacts of the current number portability implementation plan. Our rationale was twofold: first, to quantify the level of risk to network reliability associated with the ordered implementation plan and secondly, to determine what steps could be taken to reduce any risk identified. As you know the Bellcore study predicts significant increases in the probability of a network outage in Houston with the ordered implementation plan. Based on our experience we believe that these probabilities are conservative as the Bellcore study did not consider the adverse impacts of other factors such as message looping, human error, default traffic or security. *The positive news is that the risks can be reduced to normal levels through some modest changes to the original plan without jeopardizing the Commission's objective of promoting the nationwide availability of number portability to facilitate competition.* SBC's recommendation to mitigate risk by extending the implementation intervals for Houston, Dallas and St. Louis by three months and by permitting the use of QoR to reduce query volumes does not alter the start date or the final deadline by which number portability is to be available to consumers within the thirteen MSAs included in SBC's region.

There has been some recent criticism of the study by some of our competitors. However, we would point out that these critics have not quantified what they believe the risk of a

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network outage to be, nor have they demonstrated any harm that would be created by implementation of the study's recommendations to reduce the risk of a network outage. It appears that the hard lessons about widespread service outages learned in 1990 and 1991 which were preludes to the formation of the Network Reliability Council have been forgotten by some. SBC and the rest of the industry have worked hard through the Network Reliability Council, now named the Network Reliability and Interoperability Council (NRIC), and have expended significant resources to make even small improvements in network reliability. *As an active participant in the NRIC, we believe that it would be irresponsible and unnecessary to implement LNP with any higher risk of a network outage than we have today.* The proposed schedule extension reduces this significantly and is an appropriate first step. *However, it is only part of the solution. In order to reduce the risk to today's levels, QoR must be permitted.*

QoR has undoubtedly been the main focus of debate. There are three primary public policy issues associated with QoR: the potential degradation of network reliability, the level of potential cost savings and the potential of degradation of service quality when customers switch carriers.

Network Reliability

The Bellcore study has clearly demonstrated that provision of QoR coupled with modest changes in the schedule can reduce the risk of a network outage to normal levels. There has been some assertions that QoR would increase the risks for a ported number. As evidenced by the Bellcore study, the opposite is true, without QoR the risks to all customers are higher.

Cost Savings

The cost savings associated with QoR for long term number portability are material. SBC has documented that use of QoR technology can save \$60-80M. Some have attempted to refute these savings by pointing to the amount of changes in the cost estimates since the FCC's order was issued. The fact is these costs *are* changing. SBC has not yet reached agreements with all of its suppliers of switch and signaling equipment on the costs for number portability, and the regional SMS supplier has not been selected nor a method for allocation of the regional SMS costs determined. To us, it does not make sense for the Commission to effectively require a more expensive technology and burden SBC and consumers with this unnecessary added costs. QoR simply saves money and these savings should not be denied to consumers.

Service Degradation

With QoR, call set up time on a call to a ported number will be 0.6 to 1 second higher than a call to a non-ported number depending on whether the called NXX is located on the originating caller's switch or another switch. However, the true test required by the

Commission's performance criteria is whether QoR creates a degradation of a customer's service when they change carriers.

SBC firmly believes that this increase in call set up time associated with QoR will not be perceptible to customers. In response to a concern expressed that SBC might utilize advertising to *create* a perception of a difference in the quality of service, SBC has voluntarily agreed in writing to not use the call set up time difference of QoR with LRN over LRN alone in any advertising. Assuming for the sake of argument that the call set up time difference was perceptible, it would not constitute a degradation of a customer's service when they switched carriers for several reasons.

First, call set up time is a phenomena that is experienced by the originating customer, not the called party. There will be no difference in the call set up time experienced by customers with ported or non-porting numbers. Additionally, if an originating customer perceived a difference in call set up time to a ported number, they would naturally attribute it to their carrier, not the called party's carrier.

Second, not all customers changing service providers will have ported numbers. SBC expects that for the foreseeable future the majority of customers changing to a new service provider will be served via resale or "rebundled unbundled" due to the economic advantages provided in the Commission's Interconnection Order to competitive carriers to utilize resale and unbundling rather than to invest in their own facilities. Customers served via resale or "rebundled unbundled" will not utilize number portability. Therefore the majority of customers switching carriers will not utilize number portability, and terminating calls to these customers will have the same call set up time as calls to non-porting SBC customers.

Third, porting will not be limited to competitors' customers. SBC expects to have a significant amount of customers with ported numbers primarily due to the introduction of location portability. SBC residence and business customers currently can subscribe to a family of services which utilize remote call forwarding when they move between wire centers and wish to continue to receive calls on their old number. With the introduction of location portability which is being considered in Texas at this time, customers will be able to keep their telephone number when moving simply by changing carriers. SBC will have to offer the same capability for customers who are moving and wish to stay with SBC or risk losing the customer to a competitor. Considering the amount of churn in most of our metropolitan areas, we expect between 5 and 10% of SWBT customers will have ported numbers. In fact, in those areas where competitive carriers have not deployed their own switches, SBC will have more ported numbers than competitors. Therefore, since both SBC and new service providers will use porting, any difference in call set up time would apply on calls to SBC and new service providers' customers. Similarly, *with LRN*, there is a difference in call set up times between interswitch calls and intraswitch calls of 0.6 seconds which if perceptible would be experienced on calls to both SBC and new service providers' customers.

QoR simply does not result in degradation of service to customers when switching carriers.

As a separate matter, as you know, in the First Report and Order in this proceeding the Commission directed the Illinois Local Number Portability Workshop to conduct a field test no later than August 31, 1997 and to file a report of their findings within 30 days of completion of the test. The Commission specifically stated that the field test was needed to identify technical problems in advance of widespread deployment, thereby safeguarding the network. Since the dates associated with the ordered Illinois Field Test have slipped several weeks and may slip further, in addition to SBC's requested extension in the implementation schedule the Commission should adjust all start and completion dates for the LNP implementation to reflect any delay in the field test in order to allow the rest of the industry the opportunity to review the results of the test and make necessary adjustments prior to implementation.

Assuming adequate cost recovery, SBC is committed to providing number portability in a timely manner, but also in a manner that saves consumers unnecessary costs and avoids unnecessary risks of network outages. SBC urges the Commission to adopt our recommendations to permit the use of QoR and to alter the implementation schedule.

Sincerely,



Joe Walkoviak
Senior Vice President - Network



Wayne Masters
Vice President - Customer Service

CC: Commissioner James H. Quello
Commissioner Susan Ness
Commissioner Rachelle B. Chong
Regina Keeney
Richard Metzger
Richard Welch
William F. Caton